

## IOWA RACING AND GAMING COMMISSION MINUTES

January 12, 2006

The Iowa Racing and Gaming Commission (IRGC) met on Thursday, January 12, 2006, at Stoney Creek Inn, 5291 Stoney Creek Court, Johnston, Iowa. Commission members present were Diane Hamilton, Chair; Kate Cutler, Vice Chair; and members Gerry Bair, Joyce Jarding, and Greg Seyfer.

Chair Hamilton called the meeting to order at 8:30 AM and requested a motion to approve the agenda. Commissioner Cutler so moved. Commissioner Jarding seconded the motion, which carried unanimously.

Chair Hamilton moved to the approval of the minutes from the November 17, 2005 Commission meeting. Commissioner Cutler moved to approve the minutes from the November 17, 2005 meeting as submitted. Commissioner Jarding seconded the motion, which carried unanimously.

Chair Hamilton called on Jack Ketterer, Administrator of IRGC, for announcements. Mr. Ketterer introduced the newest Commission member, Greg Seyfer – an attorney from Cedar Rapids. Mr. Seyfer replaces Mike Mahaffey, who was asked to serve on the Technology Commission by the Governor. Commissioner Seyfer expressed his appreciation for the opportunity to serve.

Mr. Ketterer advised there would be no Commission meetings in the months of February or May 2006. Regularly scheduled meetings will be held as set forth below:

- March 2, 2006 Commission Meeting – Stoney Creek Inn, Johnston, IA (Submissions due by February 16, 2006)
- April 20, 2006 Commission Meeting – Harrah's Casino, Council Bluffs, IA (Submissions due by April 6, 2006)

Chair Hamilton called on Mr. Ketterer regarding the rules submitted under Notice of Intended Action. Mr. Ketterer advised that this is the first step in the process, and that these rules would be subject to further review at a public hearing. He noted that Items 1 through 16 pertain to changes to horse racing rules, which were recommended by IRGC stewards and veterinarians. The first thirteen pertain to harness racing in Chapter 9, with the remaining three pertaining to horse racing in general and appear in Chapter 10.

Items 18-22 pertain to electronic gaming devices, the different thresholds and standards, and calculations of theoretical payouts, etc. Items 20-22 are situations where the

Commission is seeking to substitute notification for approval, which will be beneficial for all involved.

Mr. Ketterer advised the Iowa Harness Horsemen's Association requested one change that was not received until Tuesday or Wednesday of this week. They were advised that the change would be incorporated at the public hearing, and would be effective with the final adoption. Mr. Ketterer recommended approval.

Hearing no discussion concerning the proposed rules, Chair Hamilton requested a motion. Commissioner Jarding moved to approve the rule changes submitted under Notice of Intended Action. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 06-01)

Chair Hamilton moved to the contract approval portion of the agenda and called on Rhythm City Casino (RC). Mo Hyder, General Manager of RC and IOC Bettendorf (IOCB), presented the following contracts respectively for Commission approval:

- Rhythm City Casino
  - Reinhart Institutional Foods – Food Vendor (Increase)
  - Wolfe Beverage – Food and Non-Food Vendor
- IOC Bettendorf
  - Ryan Company – Construction of Hotel Project
  - Reinhart Institutional Foods – Food Vendor (Increase)
  - Molo Oil – Fuel for Transportation Vehicles and Marina
  - Powertech – Shore Power Generators
  - UniFocus, LP – Purchase and Installation of Watson, RM Labor Management System Software
  - Rhythm City Casino – Transfer of 2 Roulette Wheels from Davenport Property to Bettendorf Property (RP)

Hearing no discussion concerning the contracts from RC or IOCB, Chair Hamilton requested a motion. Commissioner Jarding moved to approve the contracts as submitted by RC and IOCB respectively. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 06-02)

Chair Hamilton called on IOC Marquette (IOCM). Barron Fuller, General Manager, presented a contract with Paragon Commercial Interiors, Inc. for the renovation of the pavilion restrooms.

Hearing no discussion concerning the contract, Chair Hamilton requested a motion. Commissioner Cutler moved to approve the contract as submitted by IOCM. Commissioner Jarding seconded the motion, which carried unanimously. (See Order No. 06-03)

Chair Hamilton called on IOC Black Hawk County, Inc. (IOCBHC). Nancy Donovan, Regional Vice President, submitted a contract with Ryan Companies for construction of the IOC project in Waterloo. Ms. Donovan stated that Ryan Companies would be serving as the design engineer in addition to constructing the facility.

Hearing no questions concerning the contract, Chair Hamilton requested a motion. Commissioner Cutler moved to approve the contract as submitted by IOCBHC. Commissioner Bair seconded the motion, which carried unanimously. (See Order No. 06-04)

Chair Hamilton called on Catfish Bend Casino (CBC). Jerry Baum, General Manager, presented a contract with Aristocrat Technologies, Inc. for the purchase of 32 replacement slot machines.

Hearing no questions concerning the contract, Chair Hamilton requested a motion. Commissioner Jarding moved to approve the contract as submitted by CBC. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 06-05)

Chair Hamilton called on Ameristar Casino (Ameristar). Jane Bell, Director of Government Affairs, presented the following contracts for Commission approval:

- Holiday Inn Hotel & Suites – Room Comps for Players
- Omaha Steaks – Food Product (Increase)
- Ellison Meat – Food Product (Increase)
- CDW – Computer Supplies (Increase)
- Stabers Meat – Food Product
- Joe Hand Productions – Promoter for Boxing Events
- Prairie Mechanical – Kitchen & HVAC Maintenance
- Day Electric – Electrical Systems Maintenance
- Doll Limited Partnership – Warehouse Lease

Hearing no questions, concerning the contracts, Chair Hamilton requested a motion. Commissioner Cutler moved to approve the contracts as submitted by Ameristar. Commissioner Jarding seconded the motion, which carried unanimously. (See Order No. 06-06)

Ms. Bell advised that Ameristar would be holding a celebration on January 19<sup>th</sup> in recognition of Ameristar's tenth anniversary of doing business in Iowa.

Chair Hamilton called on Riverside Casino & Golf Resort, LLC (Riverside). Joe Massa, General Manager, presented the following contracts for Commission approval:

- Ahrens Concrete Floors, Inc. – Hotel Slab on Grade

- Ahrens Concrete Floors, Inc. – Casino Mezzanine Steel, Concrete, Etc.
- Brockway Mechanical & Roofing Co., Inc. – Casino Water Bladder System
- Brockway Mechanical & Roofing Co., Inc. – Facility Roofing Package
- Builders Sales & Service Company – Casino Enclosure Package
- Builders Sales & Service Company – Hotel Interior Bid Package
- Continental Fire Sprinkler Co. – Facility Fire Sprinkler Package
- DeLong-Keith Construction, Inc. – Main Entrance Drive Work
- DeLong-Keith Construction, Inc. – Storm Sewer Work
- Faegre & Benson – Legal Work on Financing Transaction
- Larry Yoder Masonry, Inc. – Casino Elevator Superstructure
- City of Riverside – TIF Support – Utilities
- City of Riverside – Matching Funds for Iowa DOT RISE Grant

Mr. Ketterer advised Mr. Massa that the Commission had received a phone call concerning the TIF issue, which the Commission feels is a local issue decided by elected officials (Washington County Board of Supervisors) and not a Commission matter. Mr. Massa stated that when the issue first came up, Riverside did not have sufficient bonding capacity to proceed without additional resources. The County stepped forward and indicated their willingness to utilize the County's bonding capacity to allow Riverside to double their sewage and water treatment facilities. This would also allow the casino to double their capacity further down the road. Mr. Massa indicated that the entire Riverside project was placed under the TIF financing by the County.

Hearing no further discussion concerning the contracts, Chair Hamilton requested a motion. Commissioner Jarding moved to approve the contracts as submitted by Riverside. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 06-07)

Chair Hamilton requested an update on the project. Mr. Massa advised that the groundbreaking ceremony was held on July 20, 2005, and the "topping off" ceremony was held on September 4, 2005, 103 days later. He indicated that the hotel is enclosed with temporary heat in place. Drywall is being installed starting on the fifth floor. The superstructure steel for the casino is in place. Mr. Massa indicated the entire project should be enclosed by the end of the month.

Chair Hamilton called on Wild Rose Emmetsburg (WRE). Kevin Preston, General Manager, presented the following contracts for Commission approval:

- Martin Bros. – Slot Chairs, Restaurant Booths, Tables and Chairs, Small Wares
- Data Business Equipment – Cage/Count Equipment
- VSR Lock – Slot Bases/Slot Locks

Hearing no discussion concerning the contracts, Chair Hamilton requested a motion. Commissioner Cutler moved to approve the contracts as submitted by WRE.

Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 06-08)

Commissioner Cutler requested a construction update. Mr. Preston advised that WRE's facility is also enclosed, with siding and brick going up daily. He noted the project is approximately one and a half months ahead of schedule at this time. Mr. Preston advised that the steel structure is in place as is the room framing within the casino. At this time, WRE is planning to open the facility the third week of May.

Chair Hamilton called on Diamond Jo Worth (DJW). Jim Dickstein, General Manager, presented the following contracts for Commission approval:

- Alpha Video – Specialized In-House Video and Audio Needs
- American Trust & Savings Bank – Credit Facility
- Diamond Jo, LLC – Purchase of 52 Slot Machines (RP)
- Harker's Distribution, Inc. – Food Purveyor
- Kirk Gross Company – Furniture
- Martin Bros. Distributing Co., Inc. – Food, Non-Alcoholic Beverages, Paper Supplies, Small Wares, Etc.
- Medical Associates, Inc. – Employee Medical/Dental Premiums
- Nagle Sign Company – Construction and Maintenance of Signage
- Reinhart Food Service – Food, Non-Alcoholic Beverages, Paper Supplies, Small Wares, Etc.
- Roger/Kevin Ellingson – Land Purchase Agreement
- Sysco Food Service of Iowa, Inc. - Food, Non-Alcoholic Beverages, Paper Supplies, Small Wares, Etc.
- The Media & Marketing Group – Marketing, Media Purchasing and Creative Services
- Thoms Proestler Company - Food, Non-Alcoholic Beverages, Paper Supplies, Small Wares, Etc.

Chair Hamilton asked about the land purchase agreement. Mr. Dickstein advised that it is for 250 acres in Minnesota, which has been developed as a golf course. He indicated the course is approximately three miles from the casino. The golf course will be private; individuals would need to be sponsored by the casino in order to play the course. A manager has been hired.

Mr. Dickstein indicated the project is on target to open the first week of April. Carpet is being laid in the facility, the training school has been open for about a month, and department managers are being hired. Commissioner Bair asked if the individuals being hired were from Iowa. Mr. Dickstein answered in the affirmative, noting they have had two former Iowa residents seeking to return. He stated that the employment center opened on November 1, 2005 at which time they received approximately 1,400 applications, and applications continue to arrive.

Hearing no further discussion concerning the contracts, Chair Hamilton requested a motion. Commissioner Bair moved to approve the contracts as submitted by DJW. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 06-09)

Chair Hamilton called on Harrah's. Mike Rich, Assistant General Manager, presented the following contracts for Commission approval:

- Midwest Sign Crafters – Maintenance of Interior/Exterior Lighting and Signage
- Pepsi Cola Company/Pepsi Bottling Group – New Beverage Supplier
- V&R Joint Venture – Lease Agreement for Office Space

Hearing no discussion concerning the contracts, Chair Hamilton requested a motion. Commissioner Seyfer moved to approve the contracts as submitted by Harrah's. Commissioner Jarding seconded the motion, which carried unanimously. (See Order No. 06-10)

Chair Hamilton called on Bluffs Run Casino (BRC). Mr. Rich presented the following contracts for Commission approval:

- Gaming Support USA, Inc. – Software for Digital Signage Content Delivery and Maintenance System
- Landlocked Seafoods, Inc. – Fresh Seafood
- LG Electronics – Purchase of Plasma Screens for the Horseshoe
- Micros Systems, Inc. – Point-of-Sale Terminals for Horseshoe Restaurants and Bars
- Pepsi Cola Co./Pepsi Bottling Group – New Beverage Supplier
- Sara Lee Coffee & Tea – Coffee and Beverage Products
- V&R Joint Venture – Lease Agreement for Office Space
- Waldinger – New AC Units
- WatchIT Media Inc. – Installation of Digital Signage Content Delivery and Management System

Hearing no discussion concerning the contracts, Chair Hamilton requested a motion. Commissioner Cutler moved to approve the contracts as submitted by BRC. Commissioner Jarding seconded the motion, which carried unanimously. (See Order No. 06-11)

Chair Hamilton thanked Harrah's/BRC for the construction vendor update. Commissioner Cutler asked how the construction project was going. Mr. Rich advised that the parking garage opened on December 16<sup>th</sup>. They are still projecting to open the Horseshoe Casino on March 16<sup>th</sup>.

Chair Hamilton called on Dubuque Greyhound Park & Casino (DGP&C). Bruce Wentworth, General Manager, presented the following contracts for Commission approval:

- Tech Art – Hole Card Readers
- Sportview Technologies – Casino Surveillance System Lease (Revision)
- Global Enterprise Technologies, Inc. – Casino New Wave Jukebox Maintenance
- Steven Ulstad Architects – Landscaping for Entrance Roadway
- Durrant Group – Design Table Game Casino Area and Act as Construction Manager
- International Gaming Technology – Slot Machines and Parts (Replacements)
- Aristocrat, Inc. – Slot Machines and Parts (Replacements)
- WMS Gaming, Inc. – Lease Slot Machines (Replacements)
- Bally Gaming Systems – Slot and Poker Machines (Replacements)
- Bally Gaming Systems – Slot and Poker Machines (Replacements)

Mr. Wentworth advised that Sportview Technologies has opened an office in Dubuque, making them an Iowa vendor, and they are an associate member of the Iowa Gaming Association. Sportview's headquarters are located in Michigan. The company started by providing surveillance equipment to racetracks, but has expanded their market to include casinos and medical facilities.

Commissioner Cutler asked if the transaction summary sheet and request for transaction form would be amended to reflect that it was with an Iowa vendor. Mr. Ketterer answered in the affirmative.

Hearing no further discussion concerning the contracts, Chair Hamilton requested a motion. Commissioner Jarding moved to approve the contracts as submitted by DGP&C. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 06-12)

Mr. Ketterer noted that the adjoining hotel and restaurant have been in operation for a couple of months, and asked about their impact on the casino. Mr. Wentworth advised that 7,824 individuals passed through the turnstiles on New Year's Eve; and more than \$5 million of coin went through the system. Revenues are up about 40% compared to one year ago. The hotel was also sold out for New Year's Eve.

Chair Hamilton moved to the next agenda item – a request by the Dubuque Racing Association (DRA) and Iowa Greyhound Association (IGA) for approval of a five-year purse supplement agreement. Mr. Wentworth advised that DRA's Executive Committee met on Tuesday (January 10<sup>th</sup>) and approved the agreement in its entirety, and recommended that the DRA Board do so. He stated that the DRA Board has approved 13 of the 14 paragraphs contained in the agreement, and does not foresee any problems with them approving the agreement in its entirety when they meet next Monday.

Chair Hamilton, referencing paragraph 3(a) which requires DRA to pay \$200,000 more in purse supplements in 2006 than in 2005, asked Mr. Wentworth how much the DRA paid in purse supplements during 2005. Mr. Wentworth stated that he did not bring those figures with him. He explained that the concept behind the five year agreement was to allow purses to grow at a reasonable rate based on the growth of the facility, and to establish an increase each year to allow for some planning on behalf of those individuals who rely on the greyhound industry for their livelihood.

Chair Hamilton asked when the 2005 numbers would be available to the Commission. Mr. Wentworth stated they would be in DRA's 2005 annual audit, which is in the process of being completed.

Jerry Crawford, legal counsel for IGA, advised this was a unique opportunity for the parties as both DGP&C and Harrah's/BRC were going through major expansion projects, which would result in a significant increase in revenues. He stated that the agreements before the Commission will save each property a substantial amount of money over what they would have paid as a result of yearly arbitration decisions, but allows for the increase of purse supplements at the same time. Mr. Crawford expressed his appreciation for both tracks taking advantage of this opportunity and agreeing to enter into negotiations and contracts for the next five years. He noted that the IGA Board has approved and signed the five-year purse supplement agreements with both DRA and Harrah's/Bluffs Run.

Mr. Ketterer sought clarification as to the status of the agreement with the DRA Board. Mr. Wentworth indicated that the DRA Board has reviewed the language as of December 20<sup>th</sup>, when the agreement was in semi-final form. He reiterated his earlier belief that the DRA Board would approve the agreement on Monday.

Mr. Ketterer explained that these agreements were on the November agenda, and even though the Commission was not in receipt of the agreements, put them on the agenda for consideration this month. He noted that since DRA has not signed the agreement, the Commission has the discretion of approving the agreement subject to the DRA Board approving the agreement as submitted, or tabling the matter until the March meeting. Mr. Wentworth pointed out that the agreement contains a clause stating that it, as well as any amendments, are subject to the approval of the Commission.

Hearing no further discussion concerning the DRA/IGA five-year purse supplement agreement, Chair Hamilton requested a motion. Commissioner Bair moved to approve the DRA/IGA five-year purse supplement agreement contingent upon the approval of same by the DRA Board on Monday, January 16, 2006. Commissioner Jarding seconded the motion, which carried unanimously. (See Order No. 06-13)

Chair Hamilton moved to the request by Iowa West Racing Association (IWRA)/IGA for approval of the five-year purse supplement agreement. Lorraine May and Mr. Crawford,



legal counsel for IWRA and IGA respectively, advised they had signed copies of the agreement and would get one fully signed copy to forward to the Commission.

Hearing no discussion concerning the proposed agreement, Chair Hamilton requested a motion. Commissioner Cutler moved to approve the five-year purse supplement agreement as submitted by IWRA/IGA. Commissioner Jarding seconded the motion, which carried unanimously. (See Order No. 06-14)

Chair Hamilton called on Prairie Meadows Racetrack & Casino (PMR&C). Mr. Ketterer stated that over the last 30-45 days there has been a substantial amount of independent discussion among the three horse breeds and PMR&C, and he has received several calls, in an effort to formulate an agreement for a joint submission. He indicated the talks were not successful; more so because of PMR&C's inability to utilize payments to the non-pari-mutuel county fair harness meets as part of the 11% purse supplement required under Iowa Code. Mr. Ketterer commended all of the parties for their spirit of cooperation during these discussions, and feels the discussions will prove beneficial as they begin to frame the negotiations for next year based on the results of the three separate meets this year. He also commended PMR&C for their quick action on the Commission's request that they hire a full-time track maintenance individual. They have named Lamont Marks to devote all of his time to that position. Mr. Marks has worked at the track for a number of years, and performed these duties in addition to his normal duties during the 2005 race meet. Mr. Ketterer feels this move will prove beneficial to the track, the horsemen, and everyone involved in the industry. He noted that arrangements have been made for Mr. Marks to travel to other racetracks to receive some training and experience prior to the start of PMR&C's 2006 race meet.

Derron Heldt, Director of Racing at PMR&C, presented the 45-day season approval requests for the thoroughbred only and mixed meets. He stated that all submissions were based on the presentation setting forth race dates approved at the November Commission meeting.

Mr. Ketterer noted that PMR&C has established a committee to recruit horses. He stated that it is crucial that the horsemen are involved in recruiting horses, getting them to PMR&C for the meet and filling the barns since there will be ten races per day during the spring meet. If this process works, Mr. Ketterer feels the horsemen could help clarify what might be best in future years in order to insure a sufficient number of horses to allow PMR&C to put on the type of meet they would like to host.

Hearing no discussion concerning the season approvals, Chair Hamilton requested a motion. Commissioner Cutler moved to approve the 45-day season approval requests as submitted by PMR&C for the thoroughbred and mixed meets contingent upon the following staff recommendations:

- The immediate written notification of any change in racing official positions;
- The completion of necessary DCI backgrounds;

- Continuation of all import/export simulcast contracts being reviewed and approved by IRGC staff; and
- Prior notification and approval of any schedule changes: race days, post times, or the number of races.

Commissioner Bair seconded the motion, which carried unanimously. (See Order No. 06-15)

Chair Hamilton moved to the additional contracts submitted by PMR&C. Bob Farinella, General Manager, took a moment to introduce Mr. Marks, noting that he started at the track as a horse trainer.

Mr. Farinella presented the following contracts for Commission approval:

- Global Payments – Casino Guest Check Cashing Services (Increase)
- IGT – Lease Renewal for 4 I-Game Plus Slant Top Games
- IGT – Lease Renewal for 4 Sydney Omarr Slot Games
- IGT – Lease Renewal for 8 Fort Knox Video Slot Games
- Midwest Ambulance Service of Iowa, Inc. – Ambulance and Emergency Medical Care Services
- Newmarket International, Inc. – Delphi Software for Sales and Catering Applications
- WMS – Lease Renewal for 2 Clint Eastwood Theme Slot Games
- Ziegler, Inc. – Purchase or Rental of Heavy Equipment, Parts and Service

Hearing no discussion concerning the contracts, Chair Hamilton requested a motion. Commissioner Jarding moved to approve the contracts as submitted by PMR&C. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 06-16)

Chair Hamilton moved to Administrative Business. Mr. Ketterer noted there had been a substantial amount of information in the media, and from the Legislature and Governor's office over the last few weeks concerning the "Touch Play" machines being distributed by the Iowa Lottery Commission. He noted that Commission members and the Des Moines staff have received some questions. Mr. Ketterer read a response which the Commission will use as a generic response for any questions received in our office. The letter advises that the Commission has no jurisdiction over these machines, and directs individuals to contact either the Iowa Lottery Commission or the Iowa Gaming Association. The letter also provides the Commission's web site should the individual wish to learn more about the Commission and its responsibilities.

Chair Hamilton moved to Public Comment. As there was no Public Comment, Chair Hamilton requested a motion to adjourn. Commissioner Cutler so moved. Commissioner Jarding seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

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JULIE D. HERRICK